



To: Representative Sylvia Luke, Chair  
Representative Scott Nishimoto, Vice Chair  
Members of House Finance Committee

Hrg: Thursday, April 7, 2016, 2:01pm waiver

Re: **Testimony in STRONG SUPPORT of SB2076, SD2 Relating to Healthcare for DME Licensing**

By: Valerie Chang, JD, Executive Director  
Hawaii COPD Coalition, [www.hawaiicopd.org](http://www.hawaiicopd.org)  
700 Richards Street, Suite 2410, Honolulu, HI 96813  
(808)699-9839  
[copd.hawaii@yahoo.com](mailto:copd.hawaii@yahoo.com)

I thank you for this opportunity in **STRONG SUPPORT of SB2076, SD2** Relating to Healthcare, which improves access to medical supplies and equipment for patients by requiring all vendors or suppliers who supply Durable Medical Equipment in Hawaii to have be licensed in Hawaii and respond to phone and other inquiries during regular business hours in Hawaii.

My name is Valerie Chang. I am Executive Director of the Hawaii COPD Coalition. Our organization provides services and support to Hawaii's people affected by Chronic Obstructive Pulmonary Disease, more commonly known as emphysema and chronic bronchitis. COPD is now the third leading cause of death in the US and second leading cause of disability. Over 46,000 people in Hawaii have already been diagnosed with COPD and it is estimated that over 46,000 more people suffer from COPD but remain undiagnosed. Many of these COPD patients were seduced by tobacco when they were very young and unable to quit the addiction for decades, causing irreparable harm. There are over \$55 million in COPD hospital charges in Hawaii each year.

Your Committee is well aware of the many problems faced by Hawaii patients due to our unique and isolated location, especially in acquiring durable medical equipment like supplemental oxygen, motorized wheelchairs, CPAP for sleep apnea, and other medical equipment. Stories throughout the nation and in Hawaii keep repeating the problems that patients and their families are facing in acquiring supplemental oxygen and servicing of the same in a timely manner. This is literally a matter of life and death of our patients who need supplemental oxygen to keep healthy and out of the hospital and emergency rooms.

Supplemental oxygen reimbursement rates have been cut repeatedly resulting in suppliers offering fewer and fewer options for patients to have for their oxygen use. There are no longer **any** Hawaii suppliers which offer liquid oxygen, which is one of the lightest and most portable forms of supplemental oxygen and allow patients to continue working and remaining active, contributing members of the community. ***Nearly 70% of the 24 million people in the US with COPD are 65 or younger, and in their prime working years.***

It can currently take several days or up to a week or longer to get a portable oxygen concentrator, nebulizer compressor or other equipment from the mainland US to Hawaii. I and other COPD patients have had to send equipment for repair and servicing. It is vitally important that there be Hawaii licensing of all providers of durable medical equipment and have someone respond to phone and other inquiries and concerns during regular Hawaii business hours. Having reliable means of getting their equipment and questions about the equipment promptly answered will allow COPD patients and others needing durable medical equipment (including wheelchairs, walkers, crutches and other equipment) to remain active, productive contributing employees and community members and keep them out of the hospitals and emergency rooms.

This bill will establish a licensing program for all suppliers of durable medical equipment who serve Hawaii patients. In particular, this bill will require that supplier have someone answer the phone Monday through Friday, during normal Hawaii business hours. This bill is similar to legislation that has been enacted in over 30 states, partly in response to the many problems that patients throughout the nation have had in getting appropriate durable medical equipment since the enactment of the Medicare Competitive Bidding Program, which is now in effect throughout the state, since January 1, 2016.

Thanks for the opportunity to testify about this issue that is so vital to the health of Hawaii and our nation. This issue is very important to our state and our Hawaii COPD Coalition is very glad that this committee has taken a leadership role in addressing this important matter. Please pass this bill, **SB2076, SD2**. Thank you.



April 7, 2016 at 2:01 PM  
Conference Room 308

House Committee on Finance

To: Chair Sylvia Luke  
Vice Chair Scott Y. Nishimoto

From: George Greene  
President and CEO  
Healthcare Association of Hawaii

Re: Testimony in Support  
SB 2076 SD 2 HD 1, Relating to Health Care

The Healthcare Association of Hawaii (HAH), established in 1939, serves as the leading voice of healthcare on behalf of 180 member organizations who represent almost every aspect of the health care continuum in Hawaii. Members include acute care hospitals, skilled nursing facilities, home health agencies, hospices, assisted living facilities and durable medical equipment suppliers. In addition to providing access to appropriate, affordable, high quality care to all of Hawaii's residents, our members contribute significantly to Hawaii's economy by employing over 20,000 people statewide.

We would like to thank the committee for the opportunity to support SB 2076 SD 2 HD 1. This legislation would set certain quality standards for suppliers of durable medical equipment (DME) in Hawaii. As background, in 2013, the federal government established the Durable Medical Equipment (DME) Competitive Bidding (CB) program in 100 competitive bidding areas (CBAs) across the nation. Honolulu County was included as one of those CBAs, the only Hawaii locality that was required to participate at that time. The CB program has caused significant access issues for providers and beneficiaries in Hawaii and across the nation. Reimbursements have also decreased significantly for suppliers. This holds true in Hawaii where, for example, payments for continuous positive airway pressure (CPAP) devices and support surfaces dropped by close to 40 percent because of the CB program.

While some of the fixes to this program must happen on the federal level, a number of states have tried to mitigate the resultant negative consequences. More than 30 states have laws and regulations on the books that set standards for all DME vendors. HAH is pursuing similar legislation to help ensure that beneficiaries in this state have access to needed medical supplies.

Our members have highlighted delays in discharge, problems reaching vendors, and quality of care as some of their top concerns related to the CB program. To address those concerns, we are supporting legislation to require DME suppliers to apply for and obtain a license from the Department of Health's Office of Health Care Assurance (OHCA).

Phone: (808) 521-8961 | Fax: (808) 599-2879 | [HAH.org](http://HAH.org) | 707 Richards Street, PH2 - Honolulu, HI 96813

Affiliated with the American Hospital Association, American Health Care Association, National Association for Home Care and Hospice,  
American Association for Homecare and Council of State Home Care Associations

In order to receive a license, a supplier shall attest and provide corroborating documentation that they meet certain quality standards to the department. The suppliers must show that they:

- Are in compliance with the business registration laws in Hawaii;
- Are licensed and in good standing in the state in which its dispensing facilities are located, and complies with all applicable state and federal laws, rules, and standards;
- Have designated a responsible agent that will be responsible for providing timely and satisfactory services to Hawaii users during normal business hours;
- Have implemented and maintain written procedures at each location for handling complaints and problems from all users;
- Are available in emergency situations; and
- Will agree to notify users within two business days if the supplier cannot or will not provide the equipment, item(s) or service(s) ordered.

There would be a fee for the license, with money going into the OHCA special fund to help carry out the program. We support this legislation because it will help to improve the quality of services provided by DME suppliers and start to address some of the top issues our members and beneficiaries are experiencing. It is also needed now more than ever, as the CB program expands to the rest of the state in the coming year and there is no federal legislation to address it. This means that the issues that Oahu beneficiaries face will now spread to the neighbor islands, exacerbating current coverage and access problems in those areas. The expansion of this program will reduce payments to vendors, and will likely result in hardships for providers and patients on the neighbor islands.

We appreciate your consideration of this important matter, and urge your support of this measure.